House
REPUBLICAN
Conference

FloorPrep

Legislative Digest

Friday, July 16, 1999

J.C. Watts, Jr.
Chairman
4th District, Oklahoma

House Meets at 9:00 a.m. for Legislative Business

Anticipated Floor Action:
H.R. 434—Africa Growth and Opportunity Act

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H.R. 434—African Growth and Opportunity Act

Floor Situation: The House will consider H.R. 434 as its only order of business today. Yesterday, the Rules Committee granted a structured rule that provides 90 minutes of general debate, with 45 minutes equally divided between the chairman and ranking member of the Ways & Means Committee and 45 minutes equally divided between the chairman and ranking member of the International Relations Committee. The rule self-executes (i.e., incorporates into the base text of the rule upon passage of the rule) an amendment in the nature of a substitute consisting of the text of H.R. 2489. In addition, the rule waives all points of order against consideration of the bill and makes in order four amendments, debatable in the order listed and for the amount of time specified below. The rule permits the chairman of the Committee of the Whole to postpone votes and reduce the voting time on a postponed vote to five minutes, so long as it follows a regular 15-minute vote. Finally, the rule provides one motion to recommit, with or without instructions.

Summary: H.R. 434, as amended by the substitute, authorizes a new trade and investment policy for sub-Saharan Africa (the substitute makes only minor changes to the bill). The measure establishes a process for the president to determine the eligibility of sub-Saharan African nations to participate in U.S. economic and financial aid programs. The president must determine the eligibility based on the country's adherence to human rights, its commitment to economic reform, and its reduction of trade barriers. The bill is designed to support economic self-reliance for sub-Saharan African countries, particularly those committed to economic and political reform; market incentives and private sector growth; the eradication of poverty; and the importance of women to economic growth and development. The measure also:

* requires the U.S. to eliminate the existing quotas on textile and apparel exports to the U.S. from Kenya and Mauritius within 30 days of enactment based on certain conditions;

* authorizes the president to grant—until June 30, 2009—duty-free treatment under the Generalized System of Preferences (GSP) for products (including textiles and apparel that are excluded under current law) from countries that are both GSP beneficiary developing countries and eligible countries under the bill;

* requires the president to establish a U.S./sub-Saharan Africa Trade and Economic Cooperation Forum; and

* declares that the president should pursue the creation of a U.S./sub-Saharan Africa Free Trade Area, or some other form of free trade agreement.

The bill includes two revenue offsets. Specifically, the measure (1) limits the use of the non-accrual experience method of accounting to amounts received for qualified personal services (i.e., services in the fields of health, law, engineering, architecture, actuarial science, performing arts, or consulting); and (2) includes a vaccine against streptococcus pneumonia to the list of taxable vaccines (this provision replaces an offset formerly in the bill). The substitute also provides increased flexibility to the Agency for International Development (AID) to provide program assistance to promote democratization, strong civil societies, and strengthen conflict resolution capabilities of governmental, intergovernmental, and non-governmental entities in sub-Saharan Africa. The substitute expresses the sense of Congress that AID should continue to support programs to help invest in human resources and implement free market policies.

The House passed a similar measure last year (H.R. 1432; *H.Rept. 105-423, Pt. I & II*) by a vote of 233-186; however, the Senate did not act on the measure before adjournment. CBO and the Joint Committee on Taxation estimate that enactment of H.R. 434 will reduce federal receipts by approximately $259 million over the FY 1999-2004 period. It also, however, projects increased receipts from the revenue offset provisions of $290 million over the same period, thus resulting in an increase in governmental receipts by $31 million over the period. In addition, CBO estimates that enactment will increase discretionary spending by $3 million annually, assuming appropriation of the necessary amounts. The bill affects direct spending, so pay-as-you-go procedures apply.

The bill was introduced by Mr. Crane *et al.* and was reported by the Ways & Means Committee by voice vote on June 10, 1999. The International Relations Committee reported the bill by a vote of 24-8 on February 11.

Views: The Republican leadership supports passage of the measure. An official Clinton Administration viewpoint was unavailable at press time.

Amendments: The rule makes in order the following four amendments to H.R. 434, debatable in the order listed and for the amount of time specified below:

Mrs. Jackson-Lee will offer an amendment, debatable for 10 minutes, to encourage the development of small businesses in sub-Saharan Africa and stimulate trade and investment between U.S. and African small businesses. ***Staff Contact: Helen James, x5-3816***

Mr. Jackson will offer an amendment, debatable for 10 minutes, to require the Overseas Private Investment Corporation (OPIC) to initiate one or more equity funds (with combined assets of up to $500 million) to support projects in sub-Saharan Africa that must be targeted to provide basic health services, potable water, sanitation, schools, rural electrification, and accessible transportation. Currently, the bill merely expresses the sense of Congress that OPIC should establish two or more equity funds to support projects that provide employment for the poor and expand opportunities for women entrepreneurs. In addition, the amendment requires OPIC to allocate 70 percent of trade financing and investment insurance from the equity fund to small, women, and minority-owned businesses with at least 60 percent African ownership and 40 percent U.S. ownership, as well as less than $1 million in assets. Finally, the amendment requires OPIC to use 50 percent of energy project funds for renewable and/or alternative energy development; and (2) creates administration advisory boards to oversee these funds as well as Export-Import Bank financing that is targeted to the region. ***Staff Contact: George Seymore, x5-0773***

Mrs. Jackson-Lee will offer an amendment, debatable for 10 minutes, to express the sense of Congress to encourage U.S. businesses to assist sub-Saharan Africa with the HIV/AIDS problem and consider establishing a HIV/AIDS Response Fund to coordinate these efforts. ***Staff Contact: Helen James, x5-3816***

Mr. Olver, Mr. Foley, and Mrs. Pelosi will offer an amendment, debatable for 10 minutes, to express the sense of Congress that (1) addressing the HIV/AIDS crisis should be a central component of America's sub-Saharan foreign policy; (2) significant progress must be made in preventing and treating HIV/AIDS before we can expect to sustain a mutually beneficial trade relationship with these countries; and (3) the HIV/AIDS crisis in Africa is a global threat that merits further action by Congress. ***Staff Contact: Peter Irvine (Olver), x5-5335***

Additional Information: See *Legislative Digest*, Vol. XXVIII, #20, July 9, 1999.

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